



BANA

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Innovative Enterprise Development Program Provides Loans to Small and Medium Businesses

To provide credit to aspiring small and medium enterprises (SMEs) in rural areas, USAID has established a partnership with two agencies of the Government of the State of Eritrea (GSE), namely, the Rural Enterprise Unit (REU) and the Commercial Bank of Eritrea (CBER). This government-to-government partnership formally began in 1997 and has been in full operation since 2000.

The REU reviews business plans from owners of rural SMEs, packages loan applications when it deems those plans worthy of receiving loans from the CBER, and monitors the economic performance of borrowing enterprises. The REU also provides business development services and grant finance to SMEs. The CBER approves loan requests, disburses the funds, and manages the loan repayment process.

The program fills an important gap in providing business advice and medium-term commercial bank loans to small ru-

ral businesses. The advantages of participating in the program are evident to farmers and other rural businesspeople, as the demand for loans under it has in recent times far outstripped the funding available for those loans.



USAID Mission Director Dr. Jatinder K. Cheema visits a brooding facility for hens at Adal Poultry Farm

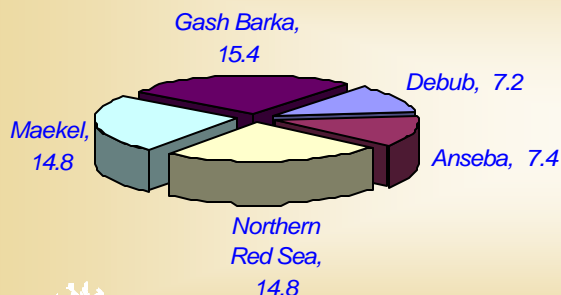
As of December 2004, 271 enterprises had borrowed a total of the nakfa equivalent of \$4.63 million. Repayment rates on the loans have generally been

high. Loan payments are returned to the loan fund and made available for lending to new SMEs. The program has created or saved 5,500 or more jobs and generated at least \$8 million worth of domestic sales revenue. In 2004, the performance of borrowing enterprises, especially in terms of domestic sales revenue and profits, has been particularly impressive.

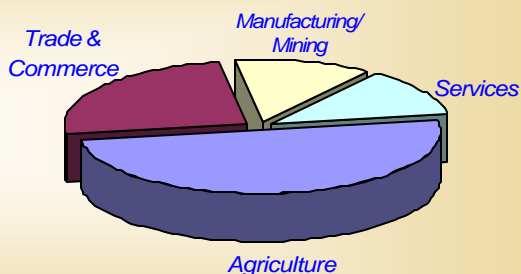
One example of a successful borrowing enterprise is the Adal Poultry Farm outside Keren, which received a loan of 700,000 nakfa. The farm employs 19 full time workers (vs. three before borrowing under the program) and has a production capacity of 17,000 eggs per day. Its sales revenue in 2003 came to 1,860,415 nakfa.

Another example of such an enterprise is Rigbe Bakery in Barentu, which borrowed 750,000 nakfa under the program. The business sold 1.5 million nakfa worth of bakery goods in the first year since it borrowed the money; it now employs eight staff, compared to none before taking out the loan.

Total disbursed amount (million Nfa)



Number of Loans by Sector





BANA Is a Tigrinian word meaning Beam

Liberty Sun Arrives in Massawa with Largest Ever US Food Donation



US donated wheat being unloaded at Massawa port

Ambassador of the United States of America to Eritrea, Mr. Scott H. DeLisi, along with representatives of the Government of the State of Eritrea (GSE) and the World Food Program (WFP) gathered November 5 in Massawa to mark the arrival of the largest single consignment of food aid to Eritrea since its independence in 1991. Approximately 61,200 metric tons (MT) of U.S.-donated wheat valued at \$18.0 million arrived aboard the U.S. flag vessel "Liberty Sun". The shipment comes as Eritrea suffers through its fourth consecutive year of

drought and faces another crop failure. More than half of the shipment will support WFP's emergency operations throughout the country. The remainder will be resold by the Eritrean Grain Board, with the proceeds funding agricultural development projects of the GSE's Ministry of Agriculture. These agricultural projects focus on increased use of irrigation for cereal and horticulture products, animal husbandry, expansion and development of community dairies, and development of small-scale irrigation programs.

USAID Supports Conference on Maternal and Newborn Health

On October 28-30, 2004, the Ministry of Health in coordination with their partners, USAID, UNICEF, UNFPA and WHO, hosted a two and a half day conference on maternal and newborn health. Over 150 participants from all over Eritrea gathered to discuss the current state of maternal and newborn health (MNH) in Eritrea, policies and strategies of the Ministry of Health to improve MNH, and evidence-based practices in MNH from around the world. Based on this shared information, the participants made recommendations for the best way to proceed. The Ministry will incorporate their recommendations into a strategic Road Map for improving maternal and newborn health in Eritrea. USAID provided both financial and technical support for this conference, and will continue to support Ministry of Health programs to improve the lives of women and children in Eritrea.

A Website of Our Own!

USAID/Eritrea is pleased to announce the inauguration of its new website, which provides comprehensive information on development issues here in Eritrea and USAID activities in its focus areas of health care, business development in rural areas, humanitarian assistance, and increasing public participation in Eritrea's development. The site also contains background information on Eritrea, our strategy plan, achievements, and press releases. Please visit the site at: <http://www.usaid.gov/missions/er/>. Another option is to go to the main USAID site at <http://www.usaid.gov>, and then browse to *Locations>Mission Web Sites>USAID/Eritrea*. We welcome your comments and suggestions. For more information, contact: webmasterer@usaid.gov.

Southern Red Sea Financial Management and Computer Training

With USAID's support, 68 participants from SRS Zoba received training in accounting and finance principles, computerized government accounting systems, and computing for managers. The training, held in



Ato. Mussie Gebretenessie, SRS Administrator, congratulates a participant for successful completion of the training

Assab over the course of three weeks, enhanced the financial management capacity as well as computer appreciation of managers and administrative

staff. To help participants take advantage of their new training, USAID donated one computer to each of the four sub-zoba administrative offices. Ato. Mussie Gebretenessie, SRS Administrator, expressed his appreciation to USAID and empha-

sized the need to build on the success of the recent training with additional capacity building programs targeting the SRS.

U.S. Sailors Lend a Helping Hand

The USS Hopper visited Eritrea October 7-9, becoming the first U.S. Navy ship to make a port of call in Eritrea since 1997. A volunteer crew of 25 sailors helped transplant more than 500 mangrove saplings along the coast of the Red Sea, as part of the Sea Water Forest Initiative Project (SFIP). SFIP's Country Representative, Ato Woldet-

water-irrigated agriculture is a viable alternative to rain-fed agriculture, whereby halophytic (salt-tolerant)

plants, such as mangroves, are grown with an unlimited supply of seawater. SFIP's women's cooperative harvests the mangrove leaves to produce halophyte-based animal feed, artwork, and other products. It also engages in mangrove agro-forestry. All SFIP activities involve the use of seawater for wealth generation and environmental enhancement.



U.S. sailors and a member of SFIP's women's cooperative transport mangrove saplings to the Red Sea shoreline for transplant